

**TESTIMONY OF
TRINITY HEALTH-NEW ENGLAND
SUBMITTED TO THE
HUMAN SERVICES COMMITTEE
ROBERT C. HARTLEY, SENIOR VICE PRESIDENT, GOVERNMENT RELATIONS
TUESDAY MARCH 8, 2016**

**HB 5588 – An Act Concerning the Timing of Payments From Supplemental
Inpatient Payment Pools For Short-Term General Hospitals**

Trinity Health – New England appreciates the opportunity to submit testimony concerning **HB 5588, An Act Concerning the Timing of Payments From Supplemental Inpatient Payment Pools For Short-Term General Hospitals.**

Trinity Health – New England supports passage of this legislation.

Trinity Health – New England is a regional health ministry that also includes Saint Francis Hospital and Medical Center, Mount Sinai Rehabilitation Hospital, and the Sisters of Providence Health System, with its affiliate Mercy Medical Center, in Springfield, Mass.

HB 5588 would require DSS make timely and adequate payments to hospitals from supplemental inpatient payment pools and to require that the money in the payment pools not be used for any other purpose.

Trinity Health – New England serves more than 35,000 inpatients and 372,000 outpatients each year. We employ 4,600 people including 200 medical staff. Beyond the lifesaving care we provide 24 hours a day, we contribute \$1.4 billion to our local and state economies each year and invest \$84.4 million dollars in improving the health of our community.

Our system also paid more than \$2 million in direct property tax last year as well as additional property tax to a large number of local municipalities through lease payment to locally owned medical office buildings.

Trinity Health – New England provides core healthcare services to all people in Connecticut, 24 hours a day, regardless of ability to pay. Our organizations offer safe, accessible, equitable, affordable, patient – centered care that protects and improves peoples' lives.

Trinity Health – New England is suffering under severe financial stress at this time. There are three major reasons for this financial stress.

- First, Trinity Health – New England pays the state more than \$42.9 million dollars annually in hospital taxes. This tax is 30 times larger than the Connecticut's current corporate tax rate.
- Second, nearly one in five residents in the state use Medicaid as their health insurance. The Medicaid program currently pays hospitals less than 45% of the cost of the services its patients receive. Nearly one quarter of Trinity Health – New England's patients are Medicaid patients.
- Third, on March 2nd, hospitals received notice that Secretary of the Office of Policy and Management Benjamin Barnes ordered the Department of Social Services (DSS) to "hold on making any additional supplemental payments through either the inpatient supplemental pool or the small hospital pool." In addition, Secretary Barnes stated that he was "not optimistic that we will be able to move forward with any further state payments this fiscal year."

If this decision holds Trinity Health – New England will lose another nearly \$16 million in FY 2016 and if the current FY 2017 state budget proposals hold an additional \$12 million dollars Medicaid payment reductions next fiscal year.

These three payment policies remove money Trinity Health – New England now spends on employee salaries, building renovation and construction, equipment purchases, new technology acquisition and community benefit. As a health system, the hospital tax and Medicaid payment reductions have forced Trinity Health – New England to postpone new equipment purchases, delay salary increases, abandon building improvements and eliminate over 100 positions.

We think there is a better way. Connecticut hospitals could be part of an economic revitalization of the state economy. Rather than continue down an economic path that has eliminated over 3,000 hospital jobs since 2013, most of which pay in excess of \$50,000 a year, Connecticut could join the national economic recovery that has been, in part, built on the addition of 470,000 hospital jobs since 2008.

How can Connecticut do this? The General Assembly and Governor should implement the recommendations made in the recent study by the Connecticut Center for Economic Analysis (CCEA). This study indicates that reinvesting the tax dollars collected by the Hospital Tax in Connecticut's \$21.9 billion, home grown, hospital industry would:

- Create more than 6,600 full and part time jobs.
- Secure \$373 million in additional matching money from the federal government, and;

- Generate over \$30 million annually in surplus payments over the states \$183 million investment in increased sales income and other tax revenue.

This economic revitalization begins by passage of this bill. Please support HB 5588.

Thank you for your consideration of our position. Together we can make Connecticut stronger.